

# Quarterly Report

For Quarter ending 31 March 2016



## HIGHLIGHTS

Cash Flow Analysis	Mar Qtr	Annual
	\$AUD M	\$AUD M
Production Sales	1.74	4.6
Production Costs *	(0.36)	(1.415)
Operating Costs	(0.25)	(0.56)
Net Operating Proceeds	1.12	2.63

\* Production costs are primarily royalties and severance taxes which are a fixed % of revenue.

- In February 2016, the Company sold its oil put options. Total proceeds has bolstered the Company's cash by \$860,000. The Company secured 12 months of put options in March 2016 at \$40 per barrel for a total premium of US\$141,696.
- The Company, on 11 January 2016, received shareholder approval to give effect to the demerger to all of Grand Gulf's oil and gas assets (except for Abita). This approval is subject to receiving a positive ruling from the ATO. The Company anticipates a ruling from the ATO within the next 3 weeks.
- **Desiree Production (39.6% WI)** - produced a total of 21,910 bbls of oil during the March quarter at an average rate of gross 245 bbls per day.
- **Dugas & Leblanc #3 (55.5% WI)** - produced a total of 5,977 bbls of oil during the March quarter at an average rate of gross 66 bbls per day.
- **West Klondike (11.7% WI)** - The well is awaiting recompletion in the Lorio anticipated over the next 3 weeks.
- **Abita (20% WI)** - The SL 19706 #1 well produced a total of 615 bbls of oil and 89,262 mcfg from the 17 Sand during the March quarter.

## CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	748m
Share Price	0.6 c	Mkt Cap	\$4.5m
Quarterly Rev	\$1.74m	Prod. Wells	4
Cash @ 31/3	\$3.1m	Receivables	\$227,000
Prod oil qtr	11,278 bbl	Prod gas qtr	17,868 mcf
P1 Reserves Oil	226,000	P1 Reserves Gas	640 mmcf

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**Directors**  
Executive Chairman  
Mr Charles Morgan

Managing Director  
Mr Mark Freeman

Executive Director  
Mr Allan Boss

Director  
Mr Stephen Keenihan

**Energy Prices**  
LLS US\$43.44 (BBL)  
Nymex US\$2.00 (MMBTU)

**Major Shareholders**  
Charles Morgan 21.5%  
Craig Burton 24.9%





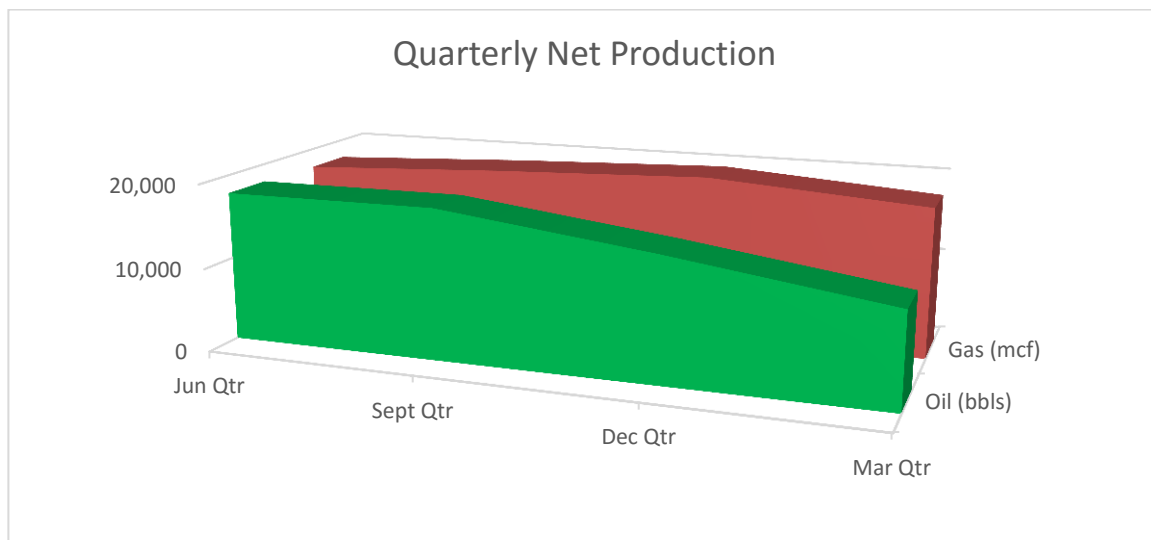
**COMPANY UPDATE**

The Company, in February 2016, sold its oil put options for total proceeds of \$860,000. Following a recovery in the oil price the Company has in March 2016 bought put options which secure a minimum of \$40 per barrel for Grand Gulf Energy for 3,600 barrels per month for the period from April 2016 to March 2017. The total premium payable was US\$141,696.

The demerger process whilst having received shareholder support at the General Meeting, 11 January 2016, is subject to the Australian Taxation Office (“ATO”) providing a positive ruling. The Company is presently complying with detailed requests from the ATO. At this present time the Company anticipates a ruling from the ATO within the next 3 weeks. Updates to the market will be provided promptly.

**PRODUCTION AND DEVELOPMENT**

	Jun Qtr	Sept Qtr	Dec Qtr	Mar Qtr
Oil (bbls)	17,887	17,982	14,872	11,278
Gas (mcf)	17,673	18,796	19,654	17,868
% Oil Equ.	96%	96%	95%	94%





**PRODUCTION**

<b>2016 Reserves and Resources Summary</b>								
<b>Reserves and Resources as at 31 Mar 2016</b>								
<b>Net to Grand Gulf Energy Ltd</b>								
FILED (LICENCE)	INTEREST	Proved(1P)			PROVED & PROBABLE(2P)			OIL EQUIVALENT <sup>(1)</sup>
		LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT <sup>(1)</sup> MBOE	
<b>Reserves</b>								
<b>USA</b>								
Dugas & Leblanc #3	55.50%	21	302	72	21	302		72
Desiree	39.65%	197	-	197	382	-		382
West Klondike	11.70%	-	-	0	11	-		11
Abita	20%	8	337	64	8	337		64
<b>Total Reserves</b>		<b>226</b>	<b>640</b>	<b>333</b>	<b>422</b>	<b>640</b>		<b>530</b>
<b>Contingent Resources</b>								
<b>Reserves</b>								
<b>USA</b>								
Dugas & Leblanc #3	55.50%		833			278		46
Desiree	39.65%							
West Klondike	11.70%	55	1,418	291	18	473		97
Abita	20%							
<b>Total Contingent Resources</b>		<b>55</b>	<b>2,250</b>	<b>291</b>	<b>18</b>	<b>750</b>		<b>143</b>
<b>Total Reserves and Resources</b>		<b>281</b>	<b>2,890</b>	<b>624</b>	<b>441</b>	<b>1,390</b>		<b>673</b>
<sup>(1)</sup> Oil equivalent conversion factor: 6MSCF per BBL.								

**Desiree Field**

**Desiree, Assumption Parish, Louisiana, Non Operator 39.65% WI**

The Hensarling #1 well (Desiree Field) produced at an average of 245 barrels of oil per day with total production for the quarter being 21,910 barrels.

The well has produced over 372,000 barrels of oil. The downdip well, Simoneaux #2 produced significant water during its productive life. The remaining proved reserves are estimated at 197,000 barrels net to the Company with proved and probable reserves being 382,000 barrels of oil at 31 March 2016.

**Desiree Litigation**

The ongoing litigation, over a disputed 5.3% working interest in Desiree, was undertaken in January 2016 and the ruling will be provided in mid May 2016.

**Dugas & Leblanc Field**

**Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 55.5% WI**

The D&L#3 “M” sand was successfully perforated and placed on production on 18 October 2011. Production over the quarter totaled 5,977 barrels of oil, from a 21/64 inch choke.



**Abita**

**Abita, Plaquemines Parish, Louisiana, Non Operator 20% WI**

The field is being operated by DW Wapiti Investments, LLC in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012.

The well produced from the 17 sand at an average of 1 mmcf/d and 7 bopd through a 7/64 inch choke. Total production for the quarter was 615 barrels of oil and 89,262 mcf gas. The change over of operator to DW Wapiti Investments, LLC has been very smooth. Wapiti continue to actively reduce operating costs of the offshore facility. In addition Wapiti and GGE are reviewing the exploration geology and geophysical information of the field with a view to expanding the field to the adjacent untested, fault-separated, northern structure, which has significant potential for oil and gas.

**West Klondike Development**

**Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.7% WI**

The well commenced producing from the lower Nod Blan on 4 September 2014 and after recompletion commenced production on 2 November 2015. Re-completion of the Lorio has been delayed due to the inaccessibility of location as a result of high water levels. The water levels receded last week however efforts to perforate the Lorio interval were not achieved due to the inability to lower the perforating guns to the required depth. The operator is reassessing measures to access the required depth. The Lorio Sand has produced over 4 Million barrels of oil from the adjacent field ("Klondike") and represents the greatest value of this well with a high estimate of oil at 500,000 barrels (gross).

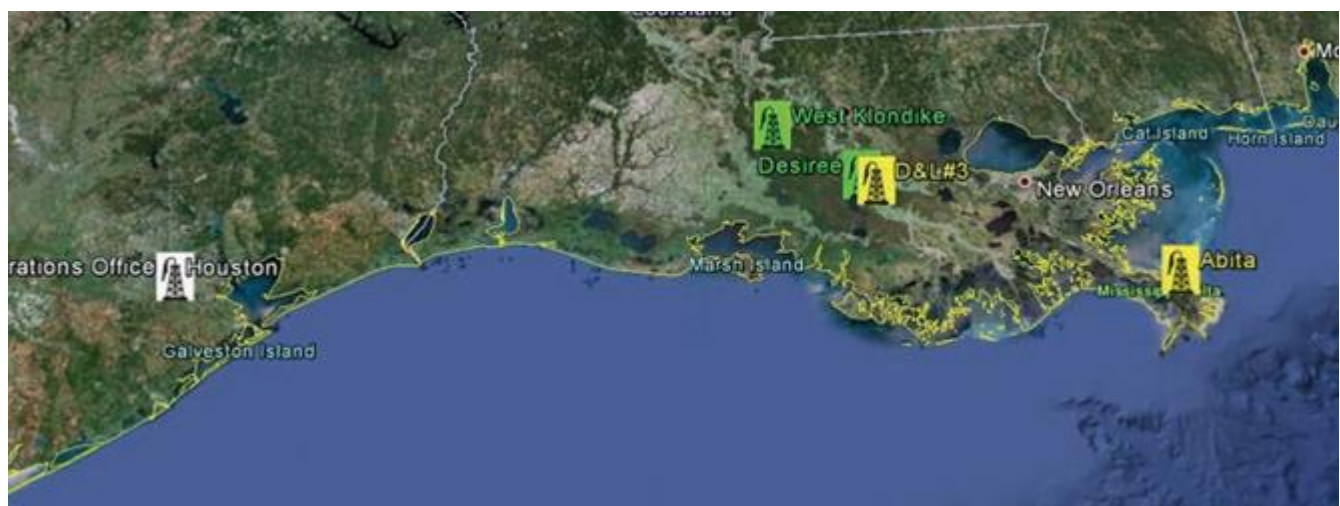
**LEASE SCHEDULE**

The Company provides the following Schedule of lease interest held by the Company for the quarter 31 March 2016 as required by ASX Listing Rule 5.3.

Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
Abita	Plaquemines Parish	16990	20%	20%
Abita	Plaquemines Parish	16991	20%	20%
Abita	Plaquemines Parish	16992	20%	20%
Abita	Plaquemines Parish	16993	20%	20%
Dugas & Leblanc	Assumption Parish, Louisiana	CL-0110	55.8%	55.8%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CL-0131)	39.6%	39.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-008	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-020	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	39.6/22.0%	39.6/22.0%



Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-025	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-028	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-001	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002A	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002B	22.0%	22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002C	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002D	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002E	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E53-003	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-004	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-005	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-006	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-007	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	39.6%	39.6%
Louise	Assumption Parish, Louisiana	12S14E52-029	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E52-030	22.0%	22.0%
West Klondike	Iberville Parish, Louisiana	WK#1A	11.7%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1B	11.7%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1C	11.7%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#2	11.7%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3A	11.7%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3B	11.7%	11.7%



**COMPETENT PERSONS STATEMENT:** *The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) with over 33 years relevant experience within oil and gas sector. This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	1,738	4,631
1.2 Payments for (a) exploration & evaluation	(236)	(955)
(b) development	(255)	(549)
(c) production	(364)	(1,414)
(d) administration	(246)	(556)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Insurance payment	-	968
1.7 Other (escrow of revenue)	-	-
<b>Net Operating Cash Flows</b>	<b>637</b>	<b>2,125</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>637</b>	<b>2,125</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	637	2,125
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	637	2,125
1.20	Cash at beginning of quarter/year to date	2,473	962
1.21	Exchange rate adjustments to item 1.20	39	62
1.22	<b>Cash at end of quarter</b>	3,149	3,149

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	137
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, and reimbursement of accounting fees and serviced office.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	0
4.3 Production*	350
4.4 Administration	150
<b>Total</b>	<b>550</b>

\* Production costs are primarily a fixed % of revenue and reflect royalties and state taxes. The balance are production costs.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,149	2,473
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,149</b>	<b>2,473</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	747,998,870	747,998,870		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>			Exercise price	Expiry date
<i>Unlisted Options</i>	27,000,000		1.4c	30 Nov 2018
<i>Listed Options</i>				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 29/4/2016  
(Director/Company secretary)

Print name: Mark Freeman

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

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+ See chapter 19 for defined terms.

- 3      **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  
- 4      The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  
- 5      Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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